

Energy Savings Performance Contracting

for

Commonwealth of Virginia State Agencies and Public Bodies

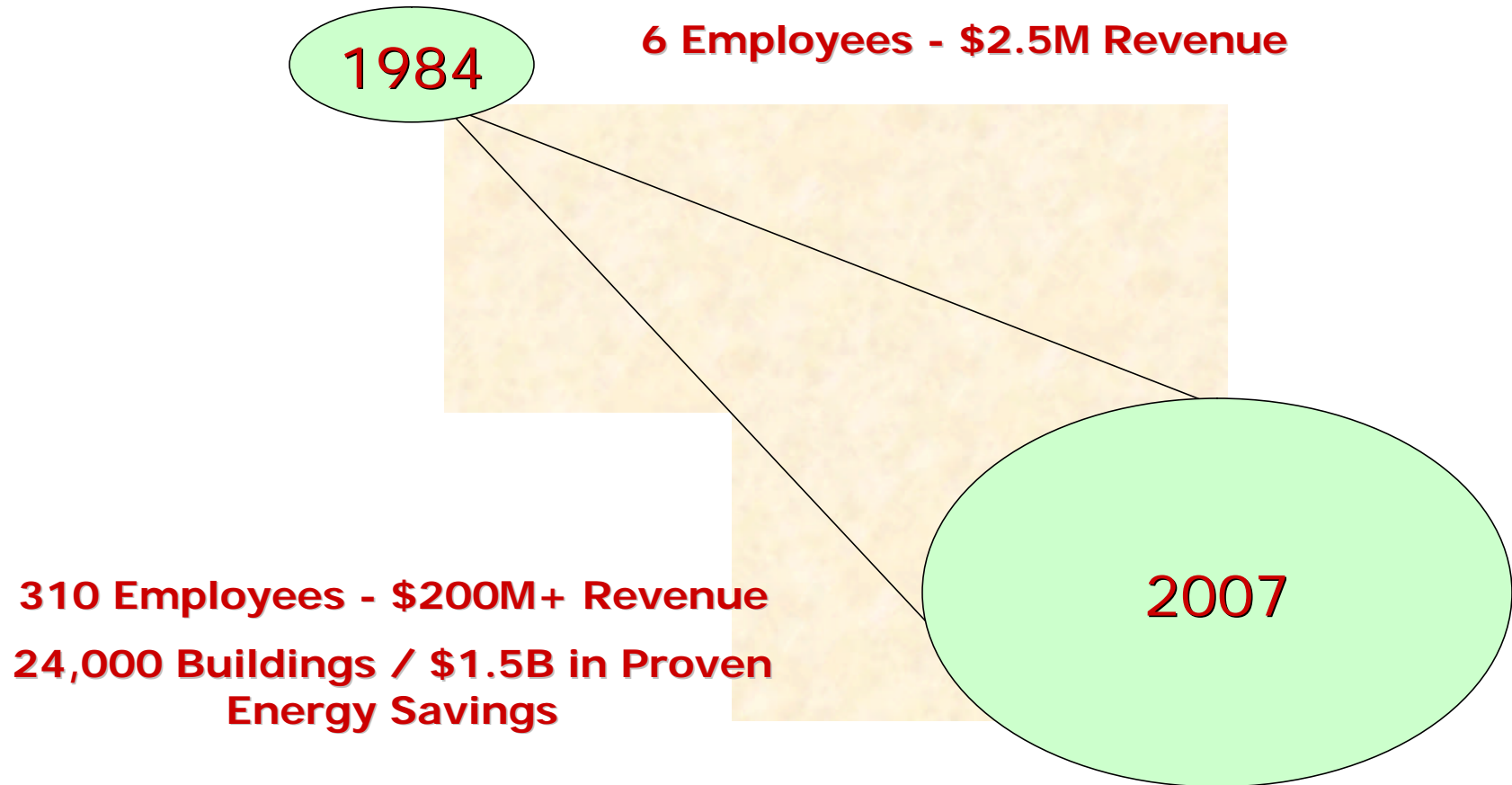


Presented June, 2007

Who Are We?

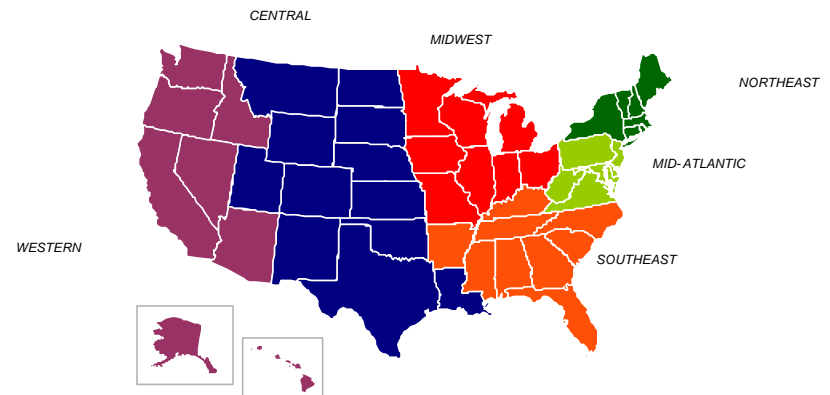
- **National Energy Service Company (ESCO)**
 - Energy savings & infrastructure solutions is our only business
 - 300+ employees, 60+ project managers, 50+ engineers
 - Over \$2 billion implemented in 20,000+ facilities in the past 23 years
- **Engineering & Construction Company**
 - Implement \$150-200 million of projects per year
 - \$300+ million for educational facilities in last 5 years
 - Ranked #1 in technical capabilities by the Dept. of Energy
- **Regional Capabilities & Experience**
 - Project management resources in the Tidewater area
 - 40+ employees in regional offices (Richmond, Fairfax, Baltimore & Raleigh)
 - \$250+ million implemented from regional offices since 1995
 - Local projects at ODU and NAB Little Creek

Track Record of Growth



Portrait of Excellence: DOE - Federal Government ESPC

- NORESKO Alone Awarded all 6 DOE Regions
- Given the Highest Technical Ranking in Industry
- Awarded \$1.7B+ in Federal ESPC Contracts
 - DOE / U.S. Army / U.S. Air Force / MEDCOM / Corrections
- Our Extensive Energy Infrastructure Experience
 - Traditional Measures
 - Renewable Energy
 - Central Plant Design



Select Regional Projects

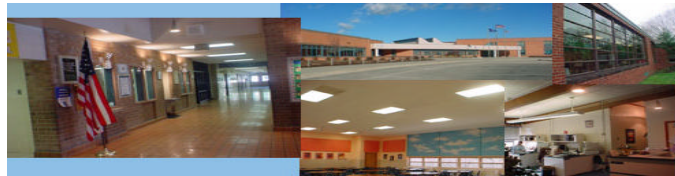
- U.S. Capitol Complex
- Little Creek Naval Base
- USMA West Point
- National Gallery of Art
- State of Pennsylvania
- Walter Reed Army Medical Center
- Hoover Building, DC
- Bolling Air Force Base
- National Institute of Health
- Kennedy Center
- Baltimore City Public Schools



Virginia Projects



Old Dominion University
\$2.7 million / \$164k Savings/yr



Fairfax County Schools, VA
\$21M Project / \$2M in Savings
Master Contract – 6 phases



University of Mary Washington
\$8.6 million / \$430k Savings/yr



Stafford County Public Schools, VA
\$3.1M Project / \$400k in Savings



County Of Fairfax, VA
\$17 million / 18 phases



Chesterfield County & Schools
\$3.1 million / \$293k in Savings/yr

Typical ESPC Technologies

- Lighting
- Lighting Controls
- Energy Management Systems
- Windows
- Insulation
- Water Conservation
- Roofs
- Photovoltaic
- Unit Ventilators
- HVAC Improvements
- Cogeneration
- Boilers
- Chillers
- Geothermal HVAC
- Wind Energy
- O&M Services
- Energy Management

Energy Communication and Awareness

- ✦ **Energy Conservation through Behavior Change**
 - Sustainability - savings through awareness and behavior modification
 - On-going program
 - Enthusiasm generated by facilities personnel, student activities personnel, educators, and the students themselves
 - Informs the organization and community of energy management efforts
 - EPC becomes learning laboratory
 - Raise awareness through education, “social marketing,” media, competition, internet, and campaigning

Different Approach to Environment
Washington Post, Sunday, October 22, 2006

Closing Remarks...Why NORESO?

- Customer centric approach
- Best-in-class engineering
- Regional & national experience
- 100% focused on energy solutions
- Successful track record of meeting or exceeding customer expectations

Questions



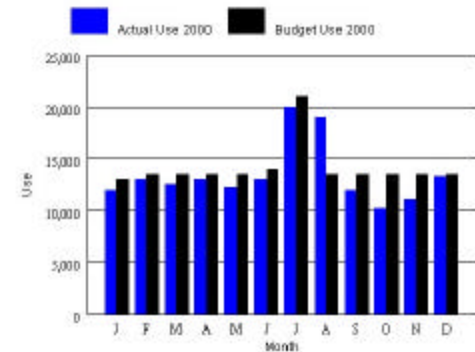
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What is Performance Contracting (ESPC)?

- Improvements w/out capital
- Leverage operating budget
- Savings guarantee
- Cash flow positive transaction

TestCompany 2	
Report Date: 5/21/2001	
Report Duration: 1/1/2000-12/31/2000	

Use Budget By Year



Data			
Use Budget By Year			
Account #: 1000			
Account Type: Electric			
Utility Company: Utility Name - 01			
Building: Ashland			
Month	Budget Use	Actual Use	Difference
January	13,000 kWh	12,000 kWh	-1,000 kWh
February	13,500 kWh	13,000 kWh	-500 kWh
March	13,500 kWh	12,500 kWh	-1,000 kWh
April	13,500 kWh	13,000 kWh	-500 kWh
May	13,500 kWh	12,200 kWh	-1,300 kWh
June	14,000 kWh	13,000 kWh	-1,000 kWh
July	21,000 kWh	20,000 kWh	-1,000 kWh
August	13,500 kWh	18,000 kWh	4,500 kWh
September	13,500 kWh	12,000 kWh	-1,500 kWh
October	13,500 kWh	10,200 kWh	-3,300 kWh
November	13,500 kWh	11,111 kWh	-2,389 kWh
December	13,500 kWh	13,333 kWh	-167 kWh
Total			-8,155 kWh

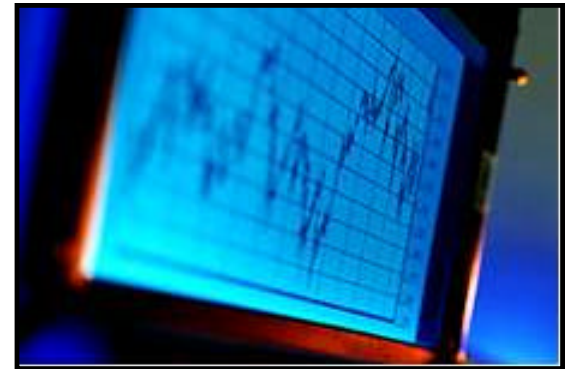
Use and Cost Problems Use Problems Cost Problems Demand Problems

Error Checking: each month is compared to the month before it and to the same month of the previous year.

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What is Performance Contracting (ESPC)?

- Single source responsibility
- Flexible procurement vehicle
- Program customization
- Long-term partnership



ESPC Program Goals & Objectives

Modernizing Facilities Without Capital Investment

- Upgrade building systems
- Minimize capital outlay
- Reduce operating costs
- Improve building aesthetics
- Long-term focus
- Understand & manage loads
- Compliment “Green” Initiatives



Budget Impact

Project Costs are Paid from Existing Budgets

